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To: All Maine Employers

January, 2002

RE: Changes To Next Year's Quarterly Income Tax Withholding Returns

Maine Revenue Services and Maine Department of Labor plan to improve the collection of employee-level withholding tax and unemployment insurance contributions information beginning in 2002. Presently, unemployment insurance contribution information for individual employees is reported quarterly and withholding tax information for individual employees is collected annually.

Beginning in 2002, Maine Revenue Services will be transitioning to new reporting procedures. The new procedures for the collection of detailed employee-specific withholding and unemployment insurance contributions information are as follows:

- **Combined Quarterly Return (CQR) Filers** - Two changes are being made to Part Four of the 2002 Combined Quarterly Report (Form 941/C1-ME, Unemployment Contribution Wage Listing) more commonly referred to as the "wage detail" page. Columns 15 and 16 (seasonal & non-seasonal wages) on the 2001 form have now, for 2002, been condensed into a single column 16 with a check-off box for seasonal designation. An employee who has both seasonal and non-seasonal wages in a quarter would be listed twice. The second change is that Column 17 will now be used to indicate the amount of **Maine income tax withheld for each employee** for the quarter being filed. Employers that provide this information will no longer be required to submit W-2 information when filing the annual reconciliation of Maine income tax withheld, Form W-3ME, in February. The new form and instructions will be included in the employers' CQR booklets to be mailed to each registered employer in March, 2002.

FORM 941/C1-ME		Part Four - Unemployment Contribution Wage & Income Tax Withholding Listing		NOTICE! THIS IS A NEW COLUMN	
All employers designated Seasonal by the Department of Labor, see instructions for Column 16 on page 8.					
14. Employee Name (Last, First, MI)	15. Social Security Number	16. SUI Wages Paid in Quarter	Seasonal?	17. Income Tax Withheld in Quarter	
a. _____	____-____-____	\$ ____ , ____	<input type="checkbox"/>	\$ ____ , ____	
b. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
c. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
d. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
e. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
f. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
g. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
h. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
i. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
j. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
k. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
l. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
m. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
n. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
o. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
p. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
q. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
r. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
s. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
t. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
u. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
v. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
w. _____	____-____-____	____ , ____	<input type="checkbox"/>	____ , ____	
18. Total on this page .....		a. ____ , ____	b. ____ , ____		
19. Total for ALL pages .....		a. ____ , ____	b. ____ , ____		

(OVER)

- Maine Revenue Services will be adopting the Simplified Tax and Wage Reporting System (STAWRS) electronic filing standards. STAWRS uses Extensible Markup Language (XML) to collect withholding tax and unemployment insurance contributions data. Maine Revenue Services is now drafting an XML manual and developing software to process these files. The STAWRS process will replace the ICESA magnetic media filing standards MRS now uses by April 1, 2003. The XML software should be available in July or August 2002 for testing and filing.
- Effective February 2003, all companies who do not report withholding amounts to Maine Revenue Services using the new CQR wage detail reporting form or XML as mentioned above must annually submit to MRS withholding tax amounts on magnetic media following the Magnetic Media Reporting and Electronic Filing-1 (MMREF-1) format or via paper reports (W-2s) with Form W-3ME.
- In the future, Maine Revenue Services intends to develop additional changes that may eliminate the need to file Form W-3ME. We hope to achieve these additional changes by 12/31/2002.

M.R.S. welcomes inquiries on the changes to the CQR form and reporting procedures. Please send them to Mark E. Landry at State House Station # 24, Augusta, ME 04333 or send an e-mail to him at [mark.e.landry@state.me.us](mailto:mark.e.landry@state.me.us).

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